

AN ACT

ENTITLED, An Act to revise the procedure for assessing certain agricultural and nonagricultural acreage property.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That chapter 10-6 be amended by adding thereto a NEW SECTION to read as follows:

Notwithstanding the provisions of chapter 10-6, agricultural land may be assessed based on its agricultural income value if there are less than fifteen arms-length transactions of agricultural land during the three preceding assessment years. The agricultural income value of agricultural land shall be determined on the basis of the capitalized annual cash rent of the agricultural land. The capitalized annual cash rent shall be based on data collected and analyzed pursuant to section 2 of this Act. For the purposes of this section, arms-length transactions do not include any agricultural land sales subject to the provisions of § 10-6-33.14, 10-6-33.20, or 10-6-74.

Section 2. That chapter 10-6 be amended by adding thereto a NEW SECTION to read as follows:

For the purposes of section 1 of this Act, the agricultural income value shall be determined using capitalized annual cash rent. The annual cash rent is the annual cash rent, excluding the per acre tax on agricultural land, determined through an analysis of arms-length rental agreements collected within the county in the year prior to the year for which the income value is being determined. However, no arms-length rental agreements for irrigated land may be used to determine the annual cash rent pursuant to this section. The annual cash rent shall be capitalized at seven and three-fourths percent.

The secretary of revenue may enter into a contract for the collection of cash rent information by county. Cash rent information shall be adjusted by soil survey statistics if available.

Section 3. That § 10-13-37.1 be amended to read as follows:

10-13-37.1. For purposes of section 1 of this Act and §§ 10-3-41, 10-12-31.1, and 10-13-37, the secretary of revenue shall calculate a factor for each county for the agricultural and nonagricultural

valuations. The factor shall be calculated by using the sales of arms-length transactions and the assessments from the preceding assessment year. The secretary shall take into consideration any reappraisals completed by the director of equalization. If there are less than fifteen sales of either class, the secretary shall use the preceding year's sales of that class with current assessments. In the case of agricultural land, sales may also be bridged in from adjoining counties if there are less than fifteen sales.

Section 4. That § 10-6-33.15 be amended to read as follows:

10-6-33.15. For the purposes of § 10-6-33.14, the agricultural income value shall be determined using capitalized actual annual cash rent. The actual annual cash rent is the actual annual cash rent, excluding the actual per acre tax on agricultural land, determined through an analysis of actual arm's length rental agreements collected within the county in the year prior to the year for which the income value is being determined. The annual cash rent shall be capitalized at seven and three-fourths percent.

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I certify that the attached Act
originated in the

HOUSE as Bill No. 1192

Chief Clerk

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Speaker of the House

Attest:

Chief Clerk

President of the Senate

Attest:

Secretary of the Senate

House Bill No. 1192

File No. _____

Chapter No. _____

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Received at this Executive Office
this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor

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The attached Act is hereby
approved this _____ day of
_____, A.D., 20____

Governor

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STATE OF SOUTH DAKOTA,
ss.

Office of the Secretary of State

Filed _____, 20____
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State